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ISSUE ANALYSIS

STATEMENT OF MAJOR ISSUE

How should the U.S. respond to Chilean human rights abuses which do violence to accepted international standards? U.S. interests are affected by these abuses in that:

a. They produce a reaction in Congressional and public opinion which has made it increasingly difficult for the U.S. Executive Branch to carry out a coherent policy toward Chile;

b. Eventually, our reactions could ^{still} seriously impair Chile's ability to meet its foreign debt obligations, including those due to us, and to finance its future development;

c. Already, Chile's human rights abuses have nearly paralyzed our ability to aid Chile to create a deterrent force against potential Peruvian aggression -- a destabilizing contingency;

d. Unchecked, these abuses ^{could} will eventually contribute to a violent outburst likely to result in an even more repressive regime of the extreme Right or Left, probably unfriendly to the U.S.

IMPORTANT ASSUMPTIONS

1. The military will remain in power during the CASP period. They will continue to give priority to internal

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security, and human rights problems will persist. The government is now aware of the damage its human rights practices cause, however, and may be induced by continued pressure to bring those practices up to acceptable standards.

2. BOP relief and military assistance serve U.S. priority interests but not to the extent which should exclude consideration of using them as leverage to effect human rights improvements.

3. The improvement in copper prices and Chile's domestic austerity policy have for the time being reduced but not eliminated our leverage.

4. Unless human rights practices in Chile are substantially moderated, Congressional and public attitudes will preclude any material increase in American aid to Chile.

5. Over time, two factors may serve to lessen outside pressure on Chile. First, a deterioration in East-West relations arising out of the Angola situation, or any other, would cause the West to react more sympathetically to Chile's extreme anti-communist posture and to de-emphasize its objections to Chile's human rights practices. Second, the consolidation of Right wing military regimes in much of the South American continent -- all authoritarian in some degree -- will tend to diffuse the emotional animus hitherto so largely concentrated on Chile alone.

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ISSUE RESOLUTION

Recommendation: For the remainder of this CASP period, the U.S. should maintain its current stance with respect to human rights in Chile unchanged, so as to observe the longer term effects of the sharp restrictions imposed by Congress on June 30, 1976, on further military and economic assistance, ~~to Chile~~. If, however, during this period the GOC substantially improves its human rights practices, the Executive Branch should move toward modification of our position, in consultation with Congressional leadership, in an effort to provide incentives for maintaining momentum toward normalization. In any event, the position will, of course, be reviewed as the new Administration re-examines our general foreign policy posture.

REASONS FOR RECOMMENDATION:

The Congressional restrictions on aid to Chile, adopted over objection of the Executive Branch, have been regarded as shock treatment by the GOC. Although its initial reaction was understandably emotional, it is still too soon to determine whether, or how President Pinochet will attempt to retaliate or to seek alternative sources of military supply and economic support. Alternatively, we have as yet little basis for judging whether he will ultimately respond by actually -- not just cosmetically -- moving toward ^{the} ultimate abolition

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of the existing internal security system in Chile.

At this juncture/our interests are best served
by allowing the Chileans to come to their own con-
clusions on these matters. *The GOC is essentially in a sensitive, somewhat precarious mood.*
~~The exertion of additional~~ *VS*
pressures ~~by the United States~~ at this stage would, in
our judgment, be counter-productive. *They could precipitate*
~~the violent and extremist reactions which overly~~ *would seriously*
~~drastic measures would produce.~~ *harmful to*

When this CASP document was originally prepared,
a division of views existed within the Country Team
between those who favored a tough approach to the GOC,
and those who thought a more modulated effort to obtain
human rights improvements would be more effective.
For the time being, that distinction has been largely
eroded by the rigor of the new law. As its effects
become clearer, it will be necessary *again* to reassess ~~once~~
~~again~~ our current attitude; to review our human rights
policy with respect to Chile in the context of the
development of *human rights* ~~that~~ policy vis-a-vis other authoritarian
governments in South America and elsewhere; and to strike
a new balance among the protagonists of various courses
of action. In effect, therefore, we have recommended
a holding pattern through the remainder of this CASP
period.

The Ambassador:fw

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